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Testimony of

**Connecticut Education
Association**

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Connecticut Education Association***

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Before the

***Insurance and Real Estate, Public Health, and Human Services
Committees***

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**Re: House Bill 6308 An Act Establishing the Connecticut
Healthcare Partnership**

February 14, 2011

Good morning Senator Crisco, Senator Stillman, Senator Musto, Representative Menga, Representative Ritter, Representative Tercyak, and members of the Insurance and Real Estate, Public Health, and Human Services Committees. My name is Ray Rossomando, Legislative Coordinator for the Connecticut Education Association, representing 40,000 teachers across the state.

We greatly appreciate the work your committees have done over the past few years to address unsustainable increases in health insurance costs experienced by citizens of Connecticut. And, we appreciate your continued commitment toward the goal of controlling costs and promoting access.

I am here to speak in favor of proposed HB6308 An Act Establishing the Connecticut Healthcare Partnership, which requires the comptroller to offer coverage under the state employee plan to non-state public employers, as well as small employers and nonprofit employers. Our research shows that at least 24 other states allow municipal employees to participate in state employee health care plans. We think Connecticut should do so, too.

As you know, the concept of extending the state employee insurance pool to other public employers, and to the private sector as well, was passed by the legislature in 2009 (PA 09-147), only to be vetoed by Governor Rell. We believed then that such a cost-efficient expansion of the insurance pool would result in savings to municipal and school

board budgets across the state. What we have experienced in the nearly two-years since reinforces our belief.

Our concern is most notably on behalf of teachers who each year assume a greater proportion of the health insurance costs they share with their employers. According to the Kaiser Foundation's 2009 Employer Health Benefits Survey, health insurance premiums jumped 131% in the 10 years prior. The report further noted that this growth rate greatly outpaced inflation and was three times greater than wage increases during that period.

Over the last couple of years, thousands of teachers across the state saw their salaries frozen, while many also experienced increases in their insurance premiums exceeding 20%.

Last year the Oxford Board of Education received a 37% health insurance rate increase from its insurer. The Region 8 School District (Andover, Hebron, and Marlborough) was hit with a 24% rate increase and Darien saw a rate increase of 47%. The impact of increases like these on teachers, especially those who had agreed to salary freezes, is a net reduction in take home pay at a time when families and our economy could benefit greatly from having more disposable income in their wallets.

For example, employees participating in a family plan costing \$20,500 would see their share of the premium increase \$1,190 if a 37% renewal were applied¹. For a teacher making \$56,582 (e.g. the salary for a 7-year teacher in Oxford with a Master's Degree), this would equate to a 2.25% reduction in take home pay. The magnitude of real-life fiscal challenges faced by teachers, and other workers, who face soaring insurance costs is significant and far-reaching.

Our concern is also with ensuring that local school budgets can efficiently provide vital school programs without balancing the books on the backs of teachers and staff. HB6308 holds the promise of making the delivery of education and other municipal services more economical, and that is in everyone's best interest.

To this end, we are concerned about a provision that could constrain savings. The bill makes initial participation in the plan a permissive, rather than mandatory, subject of bargaining. It then converts the question of participation into a mandatory subject of bargaining only for those groups who have previously agreed to do so.

Making initial participation in the plan a permissive subject of bargaining could artificially constrain the potential participation of 110,000 municipal and board of education employees across Connecticut. A reduction in participation would ultimately limit the savings not only to employees, but also to municipal taxpayers who share in the costs. Consequently, we respectfully ask the committee to consider making non-state public employer participation in the state employee plan a mandatory subject of bargaining from day one.

We would also like to note that unlike the bill before us today, the 2009 legislation also required the comptroller to convert the state employee health insurance plan from a fully-insured plan to a

¹ Assuming a 17% contractual premium cost share for teachers and average family plan cost of approximately \$20,500.

self-insured plan. This provision has not been included in the current version of the bill. To maximize savings for employees, as well as local and state taxpayers, the State should not foreclose on the possibility of converting the plan to self-insured. We suggest that going forward, a provision be included to permit the comptroller to convert to a self-insured plan should it be fiscally prudent to do so and acceptable to the employee groups who are participating in the plan.

There are many inter-related pieces of insurance reform under consideration in your respective committees. We consider the components of the Healthcare Partnership contained in this bill to be among the most critical toward the goal of making health insurance in Connecticut more affordable and accessible. We urge your support.

Thank you.

